

Interim Report – First Half 2013

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Group Financial Highlights

	1H 2013	1H 2012	Index 13/12	Q2 2013	Q2 2012	Full year 2012
Income statement (DKK m)						
Core income	2,052	2,141	96	1,016	1,070	4,229
Trading income	161	168	96	75	59	323
Total income	2,213	2,309	96	1,091	1,129	4,552
Costs, core earnings	1,310	1,302	101	649	652	2,482
Core earnings before impairment	903	1,007	90	442	477	2,070
Impairment of loans and advances etc	674	975	69	325	678	1,748
Core earnings	229	32	716	117	(201)	322
Investment portfolio earnings	284	126	225	197	5	397
Profit/(Loss) before non-recurring items and industry solutions	513	158	325	314	(196)	719
Non-recurring items, net	-	-	-	-	-	(82)
Contributions to industry solutions	11	5	220	(4)	(9)	13
Profit/(Loss) before tax	502	153	328	318	(187)	624
Tax	118	38	311	71	(47)	157
Profit/(Loss) for the period	384	115	334	247	(140)	467
Balance sheet highlights (DKK bn)						
Loans and advances at amortised cost	67.8	66.7	102	67.8	66.7	68.2
Loans and advances at fair value	4.5	5.9	76	4.5	5.9	6.1
Deposits and other debt	65.9	65.4	101	65.9	65.4	65.7
Bonds issued at amortised cost	3.8	8.8	43	3.8	8.8	4.0
Subordinated capital	1.4	1.4	100	1.4	1.4	1.4
Shareholders' equity	10.5	9.7	108	10.5	9.7	10.0
Total assets	141.4	158.3	89	141.4	158.3	152.7
Financial ratios per share (DKK per share of DKK 10)						
EPS Basic **	5.2	1.6		3.4	(1.9)	6.4
EPS Diluted **	5.2	1.6		3.4	(1.9)	6.4
Share price at end of period	114.0	95.0		114.0	95.0	99.7
Book value	142.6	132.6		142.6	132.6	137.6
Share price/book value	0.80	0.72		0.80	0.72	0.72
Average number of shares outstanding (in millions)	73.2	73.2		73.5	73.1	73.1
Dividend per share	-	-		-	-	-
Other financial ratios and key figures						
Solvency ratio	16.5	14.6		16.5	14.6	15.9
Core capital ratio, incl hybrid core capital	16.2	14.6		16.2	14.6	15.6
Core Tier 1 capital ratio	14.4	13.0		14.4	13.0	13.8
Pre-tax profit as % of average shareholders' equity **	4.9	1.6		3.1	(1.9)	6.4
Post-tax profit as % of average shareholders' equity **	3.7	1.2		2.4	(1.4)	4.8
Costs (core earnings) as % of total income	59.2	56.4		59.5	57.8	54.5
Interest rate risk	0.2	0.3		0.2	0.3	1.8
Foreign exchange position	2.3	4.2		2.3	4.2	0.9
Foreign exchange risk	0.1	0.1		0.1	0.1	0.0
Loans and advances relative to deposits *	0.9	0.9		0.9	0.9	0.9
Loans and advances relative to shareholders' equity *	6.5	6.9		6.5	6.9	6.8
Growth in loans and advances for the period *	(0.6)	(3.1)		(0.1)	(1.5)	(1.0)
Excess cover relative to statutory liquidity requirements	167.4	151.8		167.4	151.8	127.4
Total large exposures	30.5	42.8		30.5	42.8	21.6
Accumulated impairment ratio	4.0	3.1		4.0	3.1	3.8
Impairment ratio for the period **	0.80	1.15		0.39	0.80	2.20
Number of full-time staff at end of period	2,087	2,128	98	2,087	2,128	2,132

* Financial ratios are calculated on the basis of loans and advances at amortised cost.

** Ratios have not been converted to a full-year basis.

Summary

The Sydbank Group has recorded a profit before tax of DKK 502m. The result is considered satisfactory given the trend in the economy. The performance meets the expectations at the beginning of the year. Profit before tax equals a return of 9.8% p.a. on average shareholders' equity. The result is characterised by:

- 4% decline in core income
- 4% decrease in trading income
- Unchanged costs (core earnings)
- DKK 301m decline in impairment charges for loans and advances
- Investment portfolio earnings of DKK 284m
- 2% increase in bank loans and advances to DKK 67.8bn
- Slight rise in level of deposits
- Core capital ratio, incl hybrid core capital, of 16.2%.

Income statement – 1H (DKKm)	2013	2012
Core income	2,052	2,141
Trading income	161	168
Total income	2,213	2,309
Costs, core earnings	1,310	1,302
Core earnings before impairment	903	1,007
Impairment of loans and advances etc	674	975
Core earnings	229	32
Investment portfolio earnings	284	126
Profit before industry solutions	513	158
Contributions to industry solutions	11	5
Profit before tax	502	153
Tax	118	38
Profit for the period	384	115

Core earnings before impairment represent DKK 903m against DKK 1,007m for the first six months of 2012. The decline of DKK 104m consists of a decrease in core income of DKK 89m, a fall in trading income of DKK 7m and an increase in costs (core earnings) of DKK 8m.

Impairment charges for loans and advances etc represent DKK 674m (1H 2012: DKK 975m).

Core earnings are in line with the expectations announced in the 2012 Annual Report.

Investment portfolio earnings total DKK 284m and contributions to industry solutions amount to DKK 11m. Profit before tax represents DKK 502m. Less a calculated tax charge of DKK 118m, profit for the period stands at DKK 384m.

Profit for the period equals a return of 7.5% p.a. on average shareholders' equity against 2.4% p.a. in 2012. Earnings per share stand at DKK 5.2 compared with DKK 1.6 in 2012.

Risk-weighted assets constitute DKK 71.3bn and are at an unchanged level compared with year-end 2012.

The Group's solvency ratio stands at 16.5%, of which 16.2 percentage points are ascribable to core capital including hybrid core capital, compared with 15.9% and 15.6 percentage points, respectively, at end-2012. The core Tier 1 capital ratio stands at 14.4% (31 Dec 2012: 13.8%).

The Group's liquidity measured under the 10% statutory requirement constitutes 26.7% at 30 June 2013.

Sydbank recorded a satisfactory influx of clients in 1H 2013.

The Group's expectations remain unchanged compared with the expectations announced in the 2012 Annual Report.

Financial Review

Core income

Core income has decreased by 4% to DKK 2,052m.

Core income – 1H (DKKm)	2013	2012
Interest margins etc	1,307	1,411
Mortgage credit	130	135
Payment services	81	86
Remortgaging and loan fees	44	61
Commission and brokerage	168	158
Commission etc investment funds and pooled pension plans	165	145
Asset management	83	76
Custody account fees	40	35
Other income	34	34
Total	2,052	2,141

Net interest has decreased by DKK 104m due in part to a slight decline in interest margins.

Net income from the cooperation with Totalkredit is unchanged at DKK 103m after a set-off of loss of DKK 11m (2012: DKK 10m). The cooperation with DLR Kredit has generated an income of DKK 26m (2012: DKK 30m). Total mortgage credit income amounts to DKK 130m (2012: DKK 135m).

Compared with 2012, remortgaging and loan fees have declined by DKK 17m and total DKK 44m. The decrease can be ascribed to lower remortgaging activity compared with one year ago.

Commission and brokerage income amounts to DKK 168m and has risen by DKK 10m compared with 2012. The increase is ascribable to a rise in securities trading.

Commission etc concerning investment funds and pooled pension plans totals DKK 165m, equal to a rise of DKK 20m compared with 2012. Income from asset management has gone up by DKK 7m to DKK 83m in the same period. The continued positive trend regarding these income components can be ascribed to a greater demand for Sydbank's pooled plans and investment fund products.

The remaining income components are at the same level as in 2012.

Trading income

Trading income has fallen from DKK 168m in 2012 to DKK 161m in 2013.

Trading income – 1H (DKKm)	2013	2012
Fixed Income	104	100
Equities	34	34
Money Market and Foreign Exchange	23	34
Total	161	168

The income generated by Sydbank Markets in 1H 2013 is 4% lower than in 1H 2012.

The increase in income by Fixed Income of 4% compared to last year is primarily ascribable to more stable market conditions in 2013. Client turnover is slightly lower than in 1H 2012.

Equities has recorded an unchanged income of DKK 34m and has seen a small increase in client activity.

Money Market and Foreign Exchange has recorded a decrease in income of DKK 11m in the period. The department was affected by interest rate increases in Q1 2013 but recorded satisfactory income in Q2 2013. Client turnover has increased during the period.

Costs and depreciation

The Group's total costs and depreciation recorded DKK 1,325m, equal to an increase of DKK 15m compared with 1H 2012.

Costs and depreciation – 1H (DKKm)	2013	2012
Staff costs	732	726
Other administrative expenses	466	498
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	63	47
Other operating expenses	64	39
Total costs and depreciation	1,325	1,310
Distributed as follows:		
Costs, core earnings	1,310	1,302
Costs, investment portfolio earnings	4	3
Costs, industry solutions	11	5

Costs (core earnings) represent DKK 1,310m compared with DKK 1,302m in 1H 2012. The development is partly ascribable to a rise in the Group's contribution to the Banking Department of the Deposit Guarantee Fund, which represents DKK 53m in 1H 2013 (2012: DKK 34m).

At end-1H 2013 the Group's staff numbered 2,087 (full-time equivalent) compared with 2,128 at 30 June 2012.

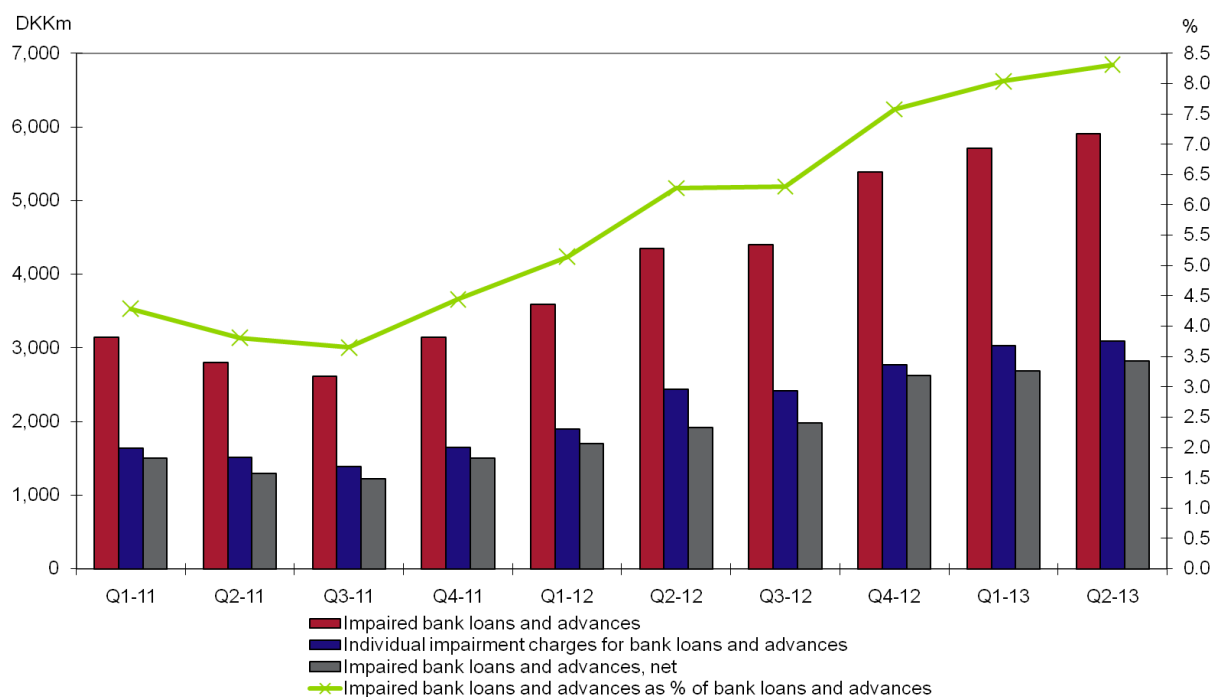
Four small branches have been closed during the first six months of 2013 as a consequence of the Bank's ongoing adjustment of its service concept. In Q3 2013 the Bank will open three new branches in Skive, Hobro and Farum. This will bring the number of branches to 94 in Denmark and unchanged five in Germany.

Core earnings before impairment

Core earnings before impairment of loans and advances represent DKK 903m – a decrease of DKK 104m or 10% compared with one year ago.

Impairment of loans and advances etc

Impairment charges for loans and advances constitute DKK 674m (2012: DKK 975m). The impairment ratio represents 0.96% relative to bank loans and advances at 30 June 2013 and 0.85% relative to bank loans and advances and guarantees. Accumulated impairment and provisions amount to DKK 3,345m at end-June 2013 – a rise of DKK 327m compared with the beginning of the year.



Compared with 30 June 2012, impaired bank loans and advances before impairment charges have increased by DKK 1,559m to DKK 5,909m, equal to 36%. DKK 1,328m (85%) of the increase is attributable to non-defaulted bank loans and advances and DKK 231m (15%) is ascribable to defaulted bank loans and advances. As a consequence of the implementation of more cautious impairment principles the Group's individually impaired bank loans and advances after impairment charges increased by DKK 903m, equal to 47%, during the same period. Individual impairment charges for impaired bank loans and advances represent 52.3% (end-June 2012: 55.9% and year-end 2012: 51.4%).

In 1H 2013 reported losses amount to DKK 442m (2012: DKK 235m). Of the reported losses DKK 326m has previously been written down.

Individually impaired bank loans and advances (DKKm)	30 Jun 2013	30 Jun 2012
Non-defaulted bank loans and advances	4,255	2,927
Defaulted bank loans and advances	1,654	1,423
Impaired bank loans and advances	5,909	4,350
Individual impairment charges for bank loans and advances	3,090	2,434
Impaired bank loans and advances after impairment charges	2,819	1,916
Impaired bank loans and advances as % of bank loans and advances before impairment charges	8.3	6.3
Individual impairment charges as % of bank loans and advances before impairment charges	4.3	3.5
Individual impairment charges as % of impaired bank loans and advances	52.3	55.9
Individual impairment charges as % of defaulted bank loans and advances	186.8	171.0

Core earnings

Core earnings represent DKK 229m compared with DKK 32m in 2012.

Investment portfolio earnings

Together the Group's position-taking and liquidity handling generated earnings of DKK 284m in 1H 2013 compared to DKK 126m in 1H 2012.

Investment portfolio earnings – 1H (DKKm)	2013	2012
Position-taking	239	90
Liquidity generation and liquidity reserves	45	15
Mandates (CDO)	10	22
Strategic shares etc	(6)	2
Costs	(4)	(3)
Total	284	126

The main positions continue to be Danish mortgage bonds hedged by derivatives. The positions were reduced significantly in Q2 2013. The position-taking continues to reflect the Group's expectation of an interest rate increase.

Efforts to reduce the CDO portfolio continued during the period. Consequently the portfolio has been reduced to DKK 3m at 30 June 2013 and will no longer be considered a portfolio.

Contributions to industry solutions

The most recent data from the Winding-Up and Restructuring Department of the Deposit Guarantee Fund has resulted in a drawing on the loss guarantee as regards the Financial Stability Company A/S corresponding to DKK 11m (2012: DKK 5m). The increase is attributable to Fjordbank Mors and Spar Lolland.

Profit for the period

Profit before tax amounts to DKK 502m. Tax on profit before tax represents DKK 118m, equivalent to an effective tax rate of 23.5%. The low level is due to the recognition as income of DKK 9m as a consequence of the adopted reduction of the corporation tax which results in a reduction of deferred tax. Profit for the period amounts to DKK 384m compared with DKK 115m in 2012.

Return

Profit for the period equals a return of 7.5% p.a. on average shareholders' equity against 2.4% p.a. in 2012. Earnings per share stand at DKK 5.2 compared with DKK 1.6 in 2012.

Q2 2013

Pre-tax profit for the quarter amounts to DKK 318m. Compared with Q1 2013 pre-tax profit shows:

- A decline in core income of DKK 20m
- A decrease in trading income of DKK 11m
- A reduction in costs (core earnings) of DKK 12m, which corresponds to an unchanged seasonal level
- A decrease in impairment charges for loans and advances of DKK 24m
- Investment portfolio earnings of DKK 197m (Q1 2013: DKK 87m)
- A positive adjustment of DKK 4m concerning industry solutions (Q1 2013: minus DKK 15m).

Profit for the period amounts to DKK 247m.

Profit for the period (DKK m)	2013		2012			
	Q2	Q1	Q4	Q3	Q2	Q1
Core income	1,016	1,036	1,067	1,021	1,070	1,071
Trading income	75	86	71	84	59	109
Total income	1,091	1,122	1,138	1,105	1,129	1,180
Costs, core earnings	649	661	575	605	652	650
Core earnings before impairment	442	461	563	500	477	530
Impairment of loans and advances etc	325	349	550	223	678	297
Core earnings	117	112	13	277	(201)	233
Investment portfolio earnings	197	87	132	139	5	121
Profit before non-recurring items and industry solutions	314	199	145	416	(196)	354
Non-recurring items, net	-	-	(82)	-	-	-
Contributions to industry solutions	(4)	15	3	5	(9)	14
Profit/(Loss) before tax	318	184	60	411	(187)	340
Tax	71	47	16	103	(47)	85
Profit/(Loss) for the period	247	137	44	308	(140)	255

Subsidiaries

Ejendomsselskabet has recorded a profit after tax of DKK 0m against DKK 2m in 2012. The subsidiary bank Sydbank (Schweiz) AG in Liquidation is expected to be finally deregistered before the end of Q3 2013.

Balance sheet

The Group's total assets made up DKK 141.4bn at 30 June 2013 against DKK 152.7bn at year-end 2012.

Assets (DKKbn)	30 Jun 2013	31 Dec 2012
Amounts owed by credit institutions etc	8.7	8.4
Loans and advances at fair value (reverse transactions)	4.5	6.1
Loans and advances at amortised cost (bank loans and advances)	67.8	68.2
Securities and holdings etc	34.2	39.6
Assets related to pooled plans	9.8	9.8
Other assets etc	16.4	20.6
Total	141.4	152.7

The Group's bank loans and advances make up DKK 67.8bn at end-1H 2013 against DKK 68.2bn at year-end 2012 and DKK 66.7bn at end-June 2012. This development includes bank loans and advances of almost DKK 1.5bn taken over from Tønder Bank in early November 2012.

Shareholders' equity and liabilities (DKKbn)	30 Jun 2013	31 Dec 2012
Amounts owed to credit institutions etc	30.0	38.6
Deposits and other debt	65.9	65.7
Deposits in pooled plans	9.8	9.8
Bonds issued	3.8	4.0
Other liabilities etc	19.8	23.0
Provisions	0.2	0.2
Subordinated capital	1.4	1.4
Shareholders' equity	10.5	10.0
Total	141.4	152.7

The Group's deposits make up DKK 65.9bn (year-end 2012: DKK 65.7bn). Compared to 30 June 2012, deposits – including deposits of just over DKK 1.9bn taken over from Tønder Bank in early November 2012 – have risen by DKK 0.5bn from DKK 65.4bn.

Capital

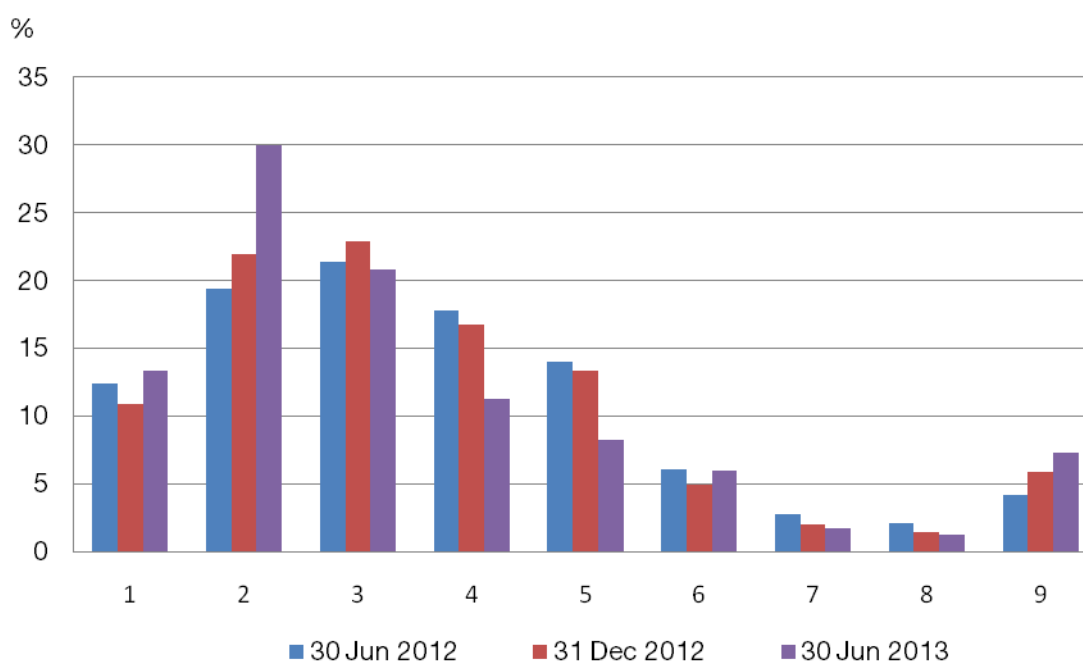
At end-1H 2013, shareholders' equity constitutes DKK 10,464m – an increase of DKK 431m since year-end 2012. The change comprises additions from profit for the period of DKK 384m as well as disposals deriving from distribution of DKK 7m, net sales of own shares of DKK 53m and adjustment of property revaluation of DKK 1m.

Risk-weighted assets (DKKbn)	30 Jun 2013	31 Dec 2012
Credit risk	55.5	53.9
Market risk	7.4	8.9
Operational risk	8.4	8.4
Total	71.3	71.2

Risk-weighted assets represent DKK 71.3bn (year-end 2012: DKK 71.2bn). The marginal increase consists of a rise in credit risk of DKK 1.6bn and a fall in market risk of DKK 1.5bn. The increase in credit risk is essentially attributable to corporate lending.

The development in gross exposures by rating category at 30 June 2012, 31 December 2012 and 30 June 2013 appears below.

Gross exposures by rating category



Gross exposures consist of loans and advances, undrawn credit commitments, interest receivable, guarantees and counterparty risk on derivatives. The graph comprises exposures treated according to IRB. Exposures relating to clients in default are not included in the breakdown by rating category. Impairment charges for exposures have not been deducted from the exposures.

Gross exposures by rating category show an overall positive development and account for an increasing share of the three best rating categories. The tightened impairment rules have generated a rise in the number of clients with objective evidence of impairment (OEI). The Group assigns all exposures to clients with OEI to rating category 9 and consequently exposures in this rating category have risen. Migration has predominantly taken place from rating categories 5-8.

In Q2 2013 the Group changed its PD scale for the ranking of corporate clients. The same scale is now used for all the Group's clients as retail clients were transferred to this PD scale at year-end 2012. A description of the PD scale is available on page 7 of the publication Credit risk 2012. The breakdown by rating category at 30 June 2012 and at 31 December 2012 has been adapted to the new PD scale.

The transfer to the new PD scale took place simultaneously with the implementation of a new version of the model for rating corporate clients. The implementation of this model is the most significant reason for the previously mentioned rise in risk-weighted assets as regards corporate lending.

The Group's solvency ratio stands at 16.5%, of which 16.2 percentage points are ascribable to core capital including hybrid core capital, compared with 15.9% and 15.6 percentage points, respectively, at year-end 2012. The core Tier 1 capital ratio stands at 14.4% (31 Dec 2012: 13.8%). At 30 June 2013 the individual solvency need constitutes 9.7% against 8.9% at the beginning of the year.

Interest rate risk

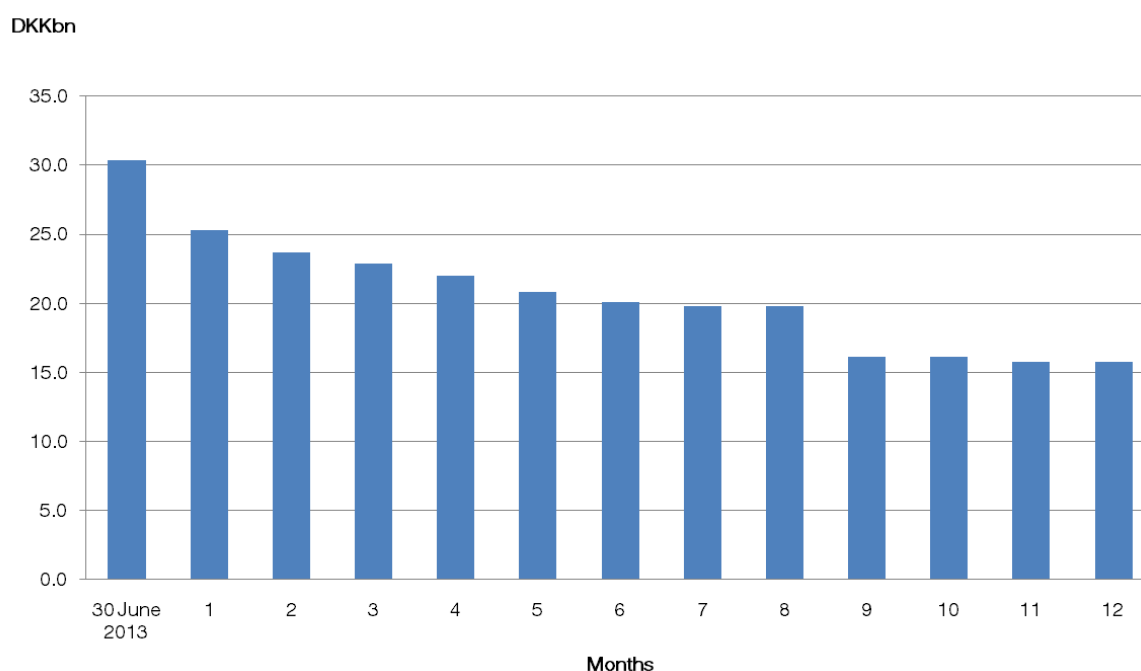
At 30 June 2013 the Group's interest rate risk stands at minus DKK 21m. The Group's interest rate risk is negative, which means that an interest rate increase will affect the Group's result positively. The Group's exchange rate risk continues to be very low and its equity position modest.

Liquidity

The Group's liquidity measured under the 10% statutory requirement constitutes 26.7% at 30 June 2013.

Moody's 12-month curve shows that the Group is able to withstand a situation in which access to capital markets is cut off for a period of 12 months.

Moody's 12-month liquidity curve



Rating

Moody's rating of Sydbank as of May 2012:

- Long-term debt: Baa 1
- Short-term debt: P-2
- Bank financial strength: C

with "stable outlook".

Clients

Sydbank recorded a satisfactory influx of clients in 1H 2013.

Outlook for 2013

The Group's expectations remain unchanged compared with the expectations announced in the 2012 Annual Report.

Supervisory Diamond

The Supervisory Diamond determines specific limit values for a number of special risk areas which banks should generally observe.

Supervisory Diamond (%)	30 Jun 2013	30 Jun 2012	31 Dec 2012
Sum of large exposures < 125% of the capital base	30	43	22
Growth in loans and advances < 20% annually	(2)	(5)	(1)
Commercial property exposure < 25%	12	11	12
Funding ratio < 1	0.87	0.83	0.84
Excess cover relative to statutory liquidity requirements > 50%	167	152	127

Sydbank A/S complies with all the benchmarks of the Supervisory Diamond.

Management in 2013

On 14 February Torben Nielsen, former central bank governor, was elected to the Board of Directors. On 31 July Claus Christensen, general manager, resigned from the Bank's Board of Directors. On 1 August Jan Svarre was appointed Deputy Group Chief Executive. On 18 June Preben L. Hansen, Deputy Group Chief Executive, informed the Board of Directors that he wished to retire from the Bank's Group Executive Management at the end of October 2013. Effective as of 1 September, Bjarne Larsen, Group Executive Vice President, Corporate Banking & Finance, will replace Preben L. Hansen as Deputy Group Chief Executive.

Future regulation

Sydbank continues to take active part in the work with forthcoming regulation through for instance the Danish Bankers Association.

With the adoption of CRR/CRD IV it will now be possible to calculate the effects for the Group, including the Group's solvency and the Group's liquidity requirements.

It is projected that the new rules will have only a limited effect on the Group's solvency and that the Group will meet the coming liquidity requirements.

According to the Danish SIFI committee's report Sydbank complies with the quantitative criteria for designation as a SIFI. The report recommends stricter capital and liquidity requirements for SIFIs in Denmark. The timing for implementation of the requirements has not yet been determined but it is expected that the Group will meet the requirements for capital and liquidity alike.

Income Statement – Sydbank Group

DKKm	Note	Sydbank Group		Sydbank A/S	
		1H 2013	1H 2012	1H 2013	1H 2012
Interest income	2	1,804	2,074	1,805	2,074
Interest expense	3	309	507	309	508
Net interest income		1,495	1,567	1,496	1,566
Dividends on shares		23	20	23	20
Fee and commission income	4	739	716	739	713
Fee and commission expense		112	104	112	103
Net interest and fee income		2,145	2,199	2,146	2,196
Market value adjustments	5	344	227	344	226
Other operating income		11	9	11	9
Staff costs and administrative expenses	6	1,198	1,224	1,202	1,222
Depreciation and impairment of property, plant and equipment		63	47	60	47
Other operating expenses		64	39	64	39
Impairment of loans and advances etc	8	674	975	674	972
Profit on holdings in associates and subsidiaries	9	1	3	1	2
Profit on assets temporarily acquired		0	0	0	0
Profit before tax		502	153	502	153
Tax	10	118	38	118	38
Profit for the period		384	115	384	115
EPS Basic (DKK) *				5.2	1.6
EPS Diluted (DKK) *				5.2	1.6
Dividend per share (DKK)				-	-

* Calculated on the basis of average number of shares outstanding, see page 18.

Statement of Comprehensive Income – Sydbank Group

Profit for the period	384	115	384	115
Other comprehensive income				
Items that may be reclassified to the income statement:				
Translation of foreign entities	(5)	2	(5)	2
Hedge of net investment in foreign entities	5	(2)	5	(2)
Property revaluation	1	-	1	-
Other comprehensive income after tax	1	0	1	0
Comprehensive income for the period	385	115	385	115

Balance Sheet – Sydbank Group

DKKm	Note	Sydbank Group		Sydbank A/S	
		30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
Assets					
Cash and balances on demand at central banks		1,186	1,375	1,186	1,375
Amounts owed by credit institutions and central banks	11	7,474	7,006	7,463	6,994
Loans and advances at fair value		4,482	6,082	4,482	6,082
Loans and advances at amortised cost		67,809	68,163	67,974	68,328
Bonds at fair value		32,706	38,087	32,706	38,087
Shares etc		1,367	1,392	1,367	1,392
Holdings in associates etc		162	160	162	160
Holdings in subsidiaries etc		-	-	234	240
Assets related to pooled plans		9,811	9,799	9,811	9,799
Intangible assets		63	66	63	66
Total land and buildings		1,028	1,061	845	875
investment property		19	28	19	28
owner-occupied property		1,009	1,033	826	847
Other property, plant and equipment		64	89	64	89
Current tax assets		11	-	11	-
Deferred tax assets		9	9	9	9
Assets in temporary possession		7	9	7	9
Other assets	12	15,154	19,365	15,154	19,356
Prepayments		57	50	57	50
Total assets		141,390	152,713	141,595	152,911
Shareholders' equity and liabilities					
Amounts owed to credit institutions and central banks	13	29,956	38,592	30,169	38,801
Deposits and other debt	14	65,896	65,662	65,896	65,662
Deposits in pooled plans		9,816	9,804	9,816	9,804
Bonds issued at amortised cost		3,774	3,986	3,774	3,986
Current tax liabilities		113	16	113	15
Other liabilities	15	19,782	23,035	19,781	23,031
Deferred income		6	7	6	7
Total debt		129,343	141,102	129,555	141,306
Provisions	16	197	191	190	185
Subordinated capital	17	1,386	1,387	1,386	1,387
Shareholders' equity:					
Share capital		742	742	742	742
Revaluation reserves		98	97	98	97
Other reserves:					
Reserves according to articles of association		425	425	425	425
Other reserves		2	2	2	2
Retained earnings		9,197	8,760	9,197	8,760
Proposed dividend etc		-	7	-	7
Total shareholders' equity		10,464	10,033	10,464	10,033
Total shareholders' equity and liabilities		141,390	152,713	141,595	152,911

Holdings in Subsidiaries and Associates etc

Sydbank Group

DKKkm	Activity	Ownership share (%)	Shareholders' equity (DKKkm)	Total assets	Total liabilities	Income	Result
Consolidated subsidiaries							
Sydbank (Schweiz) AG in Liquidation, St. Gallen, Switzerland	Banking	100	222				(6)
Ejendomsselskabet af 1. juni 1986 A/S, Aabenraa	Real property	100	17				(1)
Associates							
Foreningen Bankdata, Fredericia	IT	32	485	707	222	1,033	2
Core Property Management A/S, Copenhagen	Real property	20	23	28	5	26	8
Other enterprises in which the Group owns more than 10% of the share capital							
PRAS A/S, Copenhagen	Investment and finance	12	1,883	3,183	1,300	87	86
D.A.R.T. Limited, Cayman Islands	Investment and finance	42	68	70	2	(1)	(21)
BI Holding A/S, Copenhagen	Investment and finance	12	392	436	44	120	57

Financial information according to the companies' most recently published annual reports.

Group Financial Highlights – Quarterly

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Income statement (DKKm)						
Core income	1,016	1,036	1,067	1,021	1,070	1,071
Trading income	75	86	71	84	59	109
Total income	1,091	1,122	1,138	1,105	1,129	1,180
Costs, core earnings	649	661	575	605	652	650
Core earnings before impairment	442	461	563	500	477	530
Impairment of loans and advances etc	325	349	550	223	678	297
Core earnings	117	112	13	277	(201)	233
Investment portfolio earnings	197	87	132	139	5	121
Profit before non-recurring items and industry solutions	314	199	145	416	(196)	354
Non-recurring items, net	-	-	(82)	-	-	-
Contributions to industry solutions	(4)	15	3	5	(9)	14
Profit/(Loss) before tax	318	184	60	411	(187)	340
Tax	71	47	16	103	(47)	85
Profit/(Loss) for the period	247	137	44	308	(140)	255
Balance sheet highlights (DKKbn)						
Loans and advances at amortised cost	67.8	67.9	68.2	67.2	66.7	67.7
Loans and advances at fair value	4.5	5.8	6.1	5.9	5.9	5.8
Deposits and other debt	65.9	66.7	65.7	63.8	65.4	64.2
Bonds issued at amortised cost	3.8	3.8	4.0	3.8	8.8	9.5
Subordinated capital	1.4	1.4	1.4	1.4	1.4	2.1
Shareholders' equity	10.5	10.2	10.0	10.0	9.7	9.8
Total assets	141.4	155.4	152.7	154.0	158.3	147.6
Financial ratios per share (DKK per share of DKK 10)						
EPS Basic **	3.4	1.9	0.6	4.2	(1.9)	3.5
EPS Diluted **	3.4	1.9	0.6	4.2	(1.9)	3.5
Share price at end of period	114.0	119.1	99.7	109.4	95.0	101.5
Book value	142.6	139.3	137.6	136.9	132.6	134.5
Share price/book value	0.80	0.86	0.72	0.80	0.72	0.75
Average number of shares outstanding (in millions)	73.5	73.0	72.9	73.0	73.1	73.2
Dividend per share	-	-	-	-	-	-
Other financial ratios and key figures						
Solvency ratio	16.5	15.7	15.9	15.3	14.6	15.4
Core capital ratio, incl hybrid core capital	16.2	15.3	15.6	15.3	14.6	15.2
Core Tier 1 capital ratio	14.4	13.7	13.8	13.6	13.0	13.5
Pre-tax profit as % of average shareholders' equity **	3.1	1.8	0.6	4.2	(1.9)	3.5
Post-tax profit as % of average shareholders' equity **	2.4	1.4	0.4	3.1	(1.4)	2.6
Costs (core earnings) as % of total income	59.5	58.9	54.5	54.8	57.8	55.1
Interest rate risk	0.2	1.7	1.8	1.1	0.3	1.8
Foreign exchange position	2.3	4.6	0.9	3.2	4.2	5.7
Foreign exchange risk	0.1	0.1	0.0	0.1	0.1	0.2
Loans and advances relative to deposits *	0.9	0.9	0.9	0.9	0.9	0.9
Loans and advances relative to shareholders' equity *	6.5	6.7	6.8	6.7	6.9	6.9
Growth in loans and advances for the period *	(0.1)	(0.4)	1.4	0.8	(1.5)	(1.6)
Excess cover relative to statutory liquidity requirements	167.4	147.6	127.4	135.3	151.8	184.7
Total large exposures	30.5	10.4	21.6	36.7	42.8	28.6
Accumulated impairment ratio	4.0	3.9	3.8	3.2	3.1	2.5
Impairment ratio for the period **	0.39	0.45	0.69	0.27	0.80	0.39
Number of full-time staff at end of period	2,087	2,106	2,132	2,095	2,128	2,132

* Financial ratios are calculated on the basis of loans and advances at amortised cost.

** Quarterly ratios have not been converted to a full-year basis.

Group Financial Highlights – Half-yearly

	1H 2013	1H 2012	1H 2011	1H 2010	1H 2009
Income statement (DKKm)					
Core income	2,052	2,141	1,988	2,088	1,984
Trading income	161	168	134	298	298
Total income	2,213	2,309	2,122	2,386	2,282
Costs, core earnings	1,310	1,302	1,303	1,281	1,288
Core earnings before impairment	903	1,007	819	1,105	994
Impairment of loans and advances etc	674	975	490	633	565
Core earnings	229	32	329	472	429
Investment portfolio earnings	284	126	13	124	211
Profit before non-recurring items and industry solutions	513	158	342	596	640
Contributions to industry solutions	11	5	161	261	214
Profit before tax	502	153	181	335	426
Tax	118	38	45	84	107
Profit for the period	384	115	136	251	319
Balance sheet highlights (DKKbn)					
Loans and advances at amortised cost	67.8	66.7	71.9	74.1	75.6
Loans and advances at fair value	4.5	5.9	12.0	6.6	12.9
Deposits and other debt	65.9	65.4	67.4	64.9	71.6
Bonds issued at amortised cost	3.8	8.8	7.5	8.6	10.1
Subordinated capital	1.4	1.4	2.3	3.1	3.5
Shareholders' equity	10.5	9.7	9.5	9.4	7.5
Total assets	141.4	158.3	145.7	154.4	160.1
Financial ratios per share (DKK per share of DKK 10)					
EPS Basic **	5.2	1.6	1.9	3.4	5.0
EPS Diluted **	5.2	1.6	1.9	3.4	5.0
Share price at end of period	114.0	95.0	114.8	124.8	122.3
Book value	142.6	132.6	128.6	127.5	116.2
Share price/book value	0.80	0.72	0.89	0.98	1.05
Average number of shares outstanding (in millions)	73.2	73.2	73.5	73.7	63.6
Dividend per share	-	-	-	-	-
Other financial ratios and key figures					
Solvency ratio	16.5	14.6	15.1	15.7	13.8
Core capital ratio	16.2	14.6	14.1	13.5	11.4
Core Tier 1 capital ratio	14.4	13.0	12.5	11.9	9.9
Pre-tax profit as % of average shareholders' equity **	4.9	1.6	1.9	3.6	5.8
Post-tax profit as % of average shareholders' equity **	3.7	1.2	1.4	2.7	4.4
Costs (core earnings) as % of total income	59.2	56.4	61.4	53.7	56.4
Interest rate risk	0.2	0.3	0.9	0.2	2.2
Foreign exchange position	2.3	4.2	2.7	1.5	3.4
Foreign exchange risk	0.1	0.1	0.0	0.0	0.1
Loans and advances relative to deposits *	0.9	0.9	1.0	1.0	1.0
Loans and advances relative to shareholders' equity *	6.5	6.9	7.5	7.9	10.1
Growth in loans and advances for the period *	(0.6)	(3.1)	(1.5)	(0.6)	(8.3)
Excess cover relative to statutory liquidity requirements	167.4	151.8	99.5	96.8	106.8
Total large exposures	30.5	42.8	34.6	0.0	34.6
Accumulated impairment ratio excl PCA	4.0	3.1	2.0	2.1	1.3
Impairment ratio for the period excl PCA **	0.80	1.15	0.57	0.77	0.63
Number of full-time staff at end of period	2,087	2,128	2,274	2,323	2,414

* Financial ratios are calculated on the basis of loans and advances at amortised cost.

** Half-year ratios have not been converted to a full-year basis.

Capital – Sydbank Group

DKKkm	Share capital	Revaluation reserves	Reserves acc to articles of association*	Reserve for net revaluation acc to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity at 1 Jan 2013	742	97	425	2	8,760	7	10,033
Profit for the period	-	-	-	-	384	-	384
Other comprehensive income							
Translation of foreign entities	-	-	-	-	(5)	-	(5)
Hedge of net investment in foreign entities	-	-	-	-	5	-	5
Property revaluation	-	1	-	-	-	-	1
Total other comprehensive income	-	1	-	-	-	-	1
Comprehensive income for the period	-	1	-	-	384	-	385
Transactions with owners							
Purchase of own shares	-	-	-	-	(907)	-	(907)
Sale of own shares	-	-	-	-	960	-	960
Adopted dividend etc	-	-	-	-	-	(7)	(7)
Dividend, own shares	-	-	-	-	-	-	0
Total transactions with owners	-	-	-	-	53	(7)	46
Shareholders' equity at 30 Jun 2013	742	98	425	2	9,197	-	10,464
Shareholders' equity at 1 Jan 2012	742	95	425	26	8,300	7	9,595
Profit for the period	-	-	-	-	115	-	115
Other comprehensive income							
Translation of foreign entities	-	-	-	-	2	-	2
Hedge of net investment in foreign entities	-	-	-	-	(2)	-	(2)
Total other comprehensive income	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	115	-	115
Transactions with owners							
Purchase of own shares	-	-	-	-	(574)	-	(574)
Sale of own shares	-	-	-	-	563	-	563
Adopted dividend etc	-	-	-	-	-	(7)	(7)
Dividend, own shares	-	-	-	-	-	-	0
Total transactions with owners	-	-	-	-	(11)	(7)	(18)
Shareholders' equity at 30 Jun 2012	742	95	425	26	8,404	-	9,692
					1H	Full year	1H
The Sydbank share					2013	2012	2012
Share capital (DKK)					742,499,990	742,499,990	742,499,990
Shares issued (number)					74,249,999	74,249,999	74,249,999
Shares outstanding at end of period (number)					73,362,142	72,913,955	73,087,573
Average number of shares outstanding (number)					73,238,134	73,055,617	73,152,199

* Reserves according to the Articles of Association are identical to the restricted savings bank reserve in accordance with Article 4 of the Articles of Association.
The Bank has only one class of shares as all shares carry the same rights.

Capital – Sydbank Group

DKKmn	30 Jun 2013	31 Dec 2012	30 Jun 2012
Solvency			
Solvency ratio	16.5	15.9	14.6
Core capital ratio, incl hybrid core capital	16.2	15.6	14.6
Core Tier 1 capital ratio	14.4	13.8	13.0
Capital base after deductions			
Shareholders' equity	10,464	10,033	9,692
Revaluation reserves	(98)	(97)	(95)
Proposed dividend	-	(7)	-
Intangible assets and capitalised tax assets	(72)	(75)	(16)
Core Tier 1 capital	10,294	9,854	9,581
Hybrid core capital	1,386	1,387	1,382
50% of holdings > 10%	(149)	(161)	(138)
Excess deductions	-	-	(43)
Core capital incl hybrid core capital after deductions	11,531	11,080	10,782
Revaluation reserves	98	97	95
Difference between expected loss and accounting impairment charges	297	289	-
Capital base before deductions	11,926	11,466	10,877
50% of holdings > 10%	(149)	(161)	(138)
Set-off of excess deductions	-	-	43
Capital base after deductions	11,777	11,305	10,782
Credit risk	55,535	53,906	52,391
Market risk	7,428	8,877	12,970
Operational risk	8,341	8,387	8,373
Risk-weighted assets	71,304	71,170	73,734
Capital requirement under Pillar I	5,704	5,694	5,899

Cash Flow Statement – Sydbank Group

DKKm	1H 2013	Full year 2012	1H 2012
Operating activities			
Pre-tax profit for the period	502	624	153
Taxes paid	(40)	(228)	(21)
Adjustment for non-cash operating items	741	1,816	1,038
Cash flows from working capital	(523)	(440)	(3,810)
Cash flows from operating activities	680	1,772	(2,640)
Investing activities			
Purchase and sale of holdings in associates	(1)	5	7
Purchase and sale of property, plant and equipment	(8)	(208)	(31)
Cash flows from investing activities	(9)	(203)	(24)
Financing activities			
Purchase and sale of own holdings	53	(25)	(10)
Dividend etc	(7)	(7)	(7)
Raising of subordinated capital	(1)	(738)	(743)
Issue of bonds	(212)	(3,514)	1,290
Cash flows from financing activities	(167)	(4,284)	530
Cash flows for the period	504	(2,715)	(2,134)
Cash and cash equivalents at 1 Jan	2,605	5,320	5,320
Cash flows for the period	504	(2,715)	(2,134)
Total cash and cash equivalents at end of period	3,109	2,605	3,186

Segment Statements – Sydbank Group

DKKm	Asset Sydbank					Total
	Banking	Management	Markets	Treasury	Other	
Business segments – 1H 2013						
Core income	1,922	82	48	-	-	2,052
Trading income	-	-	161	-	-	161
Total income	1,922	82	209	-	-	2,213
Costs, core earnings	1,183	29	75	-	23	1,310
Impairment of loans and advances etc	674	-	-	-	-	674
Core earnings	65	53	134	-	(23)	229
Investment portfolio earnings	(5)	-	-	289	-	284
Profit/(Loss) before non-recurring items and industry solutions	60	53	134	289	(23)	513
Contributions to industry solutions	-	-	-	-	11	11
Profit/(Loss) before tax	60	53	134	289	(34)	502

DKKm	Asset Sydbank					Total
	Banking	Management	Markets	Treasury	Other	
Business segments – 1H 2012						
Core income	2,021	77	43	-	-	2,141
Trading income	-	-	168	-	-	168
Total income	2,021	77	211	-	-	2,309
Costs, core earnings	1,165	29	78	-	30	1,302
Impairment of loans and advances etc	975	-	-	-	-	975
Core earnings	(119)	48	133	-	(30)	32
Investment portfolio earnings	3	-	-	123	-	126
Profit/(Loss) before non-recurring items and industry solutions	(116)	48	133	123	(30)	158
Contributions to industry solutions	-	-	-	-	5	5
Profit/(Loss) before tax	(116)	48	133	123	(35)	153

Notes

Note 1

Accounting policies

The Interim Report has been prepared in compliance with IAS 34 “Interim Financial Reporting” as adopted by the EU and in compliance with additional Danish disclosure requirements for interim reports. As a result of the use of IAS 34, the presentation is less complete compared with the presentation of an annual report and the measurement principles are in compliance with IFRS.

As from 1 January 2013 the Group has implemented IFRS 13, the amendments to IFRS 1 and 7, the amendments to IAS 1 and 19 as well as improvements to IFRS (2009-2011).

IFRS 13 has replaced the guidance on fair value measurement that was previously part of the individual IFRSs with a single fair value definition and extensive guidance on its use. The standard influences the Group’s note disclosures.

None of the implemented amendments have had any impact on recognition or measurement.

Apart from the above the accounting policies are consistent with those adopted in the 2012 Annual Report, to which reference is made.

The 2012 Annual Report provides a comprehensive description of the accounting policies applied.

The measurement of certain assets and liabilities requires managerial estimates as to how future events will affect the value of such assets and liabilities. The significant estimates made by the management in the use of the Group’s accounting policies and the inherent considerable uncertainty of such estimates used in the preparation of the condensed interim report are identical to those used in the preparation of the annual report at 31 December 2012.

The Group’s significant risks and the external elements which may affect the Group are described in greater detail in the 2012 Annual Report.

Notes

	Sydbank Group		Sydbank A/S	
	1H 2013	1H 2012	1H 2013	1H 2012

Note 2

Interest income

Reverse transactions with credit institutions and central banks	(2)	6	(2)	6
Amounts owed by credit institutions and central banks	10	29	10	30
Reverse loans and advances	4	15	4	15
Loans and advances and other amounts owed	1,530	1,628	1,531	1,627
Bonds	264	409	264	409
Derivatives	(2)	(16)	(2)	(16)
Other interest income	0	3	0	3
Total	1,804	2,074	1,805	2,074

Note 3

Interest expense

Repo transactions with credit institutions and central banks	6	33	6	33
Credit institutions and central banks	32	66	32	66
Repo deposits	0	0	0	0
Deposits and other debt	214	264	214	265
Bonds issued	44	121	44	121
Subordinated capital	13	22	13	22
Other interest expense	0	1	0	1
Total	309	507	309	508

Note 4

Fee and commission income

Securities trading and custody accounts	417	376	417	375
Payment services	118	113	118	113
Loan fees	44	61	44	61
Guarantee commission	49	58	49	58
Other fees and commission	111	108	111	106
Total	739	716	739	713

Note 5

Market value adjustments

Other loans and advances and amounts owed at fair value	1	0	1	0
Bonds	97	209	97	209
Shares etc	38	31	38	31
Investment property	(1)	-	(1)	-
Currency	74	88	74	87
Total derivatives	136	(102)	136	(102)
Assets related to pooled plans	(121)	194	(121)	194
Deposits in pooled plans	121	(194)	121	(194)
Other assets/liabilities	(1)	1	(1)	1
Total	344	227	344	226

Notes

	Sydbank Group		Sydbank A/S	
	1H 2013	1H 2012	1H 2013	1H 2012
DKKkm				

Note 6

Staff costs and administrative expenses

Salaries and emoluments to:

Group Executive Management	6	8	6	8
Board of Directors	2	2	2	2
Shareholders' Committee	1	1	1	1
Total	9	11	9	11

Staff costs:

Wages and salaries	589	584	589	582
Pensions	62	62	62	61
Social security contributions	8	6	8	2
Payroll tax etc	64	63	64	66
Total	723	715	723	711

Other administrative expenses:

IT	269	267	268	267
Rent etc	66	69	71	73
Marketing and entertainment expenses	46	39	46	39
Other expenses	85	123	85	121
Total	466	498	470	500
Total	1,198	1,224	1,202	1,222

Note 7

Staff

Average number of staff (full-time equivalent)	2,141	2,177	2,141	2,162
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Notes

	Sydbank Group		Sydbank A/S	
	1H 2013	1H 2012	1H 2013	1H 2012
DKKkm				
Note 8				
Impairment of loans and advances recognised in the income statement				
Impairment and provisions	593	890	593	887
Write-offs	116	125	116	125
Recovered from debt previously written off	35	40	35	40
Impairment of loans and advances etc	674	975	674	972
Impairment and provisions at end of period				
Individual impairment and provisions	3,169	2,475	3,169	2,469
Collective impairment and provisions	176	168	176	168
Impairment and provisions at end of period	3,345	2,643	3,345	2,637
Individual impairment of loans and advances and provisions for guarantees				
Impairment and provisions at 1 Jan	2,834	1,669	2,834	1,666
Exchange rate adjustment	0	0	0	0
Impairment and provisions during the period	661	915	661	912
Write-offs covered by impairment and provisions	326	109	326	109
Impairment and provisions at end of period	3,169	2,475	3,169	2,469
Individual impairment of loans and advances	3,090	2,434	3,090	2,434
Individual provisions for guarantees	79	41	79	35
Impairment and provisions at end of period	3,169	2,475	3,169	2,469
Collective impairment of loans and advances and provisions for guarantees				
Impairment and provisions at 1 Jan	184	167	184	167
Impairment and provisions during the period	(8)	1	(8)	1
Impairment and provisions at end of period	176	168	176	168
Sum of loans and advances and amounts owed subject to collective impairment and provisions	10,706	21,117	10,706	21,117
Collective impairment and provisions	176	168	176	168
Loans and advances and amounts owed after collective impairment and provisions	10,530	20,949	10,530	20,949
Individual impairment of loans and advances subject to objective evidence of impairment				
Balance before impairment of individually assessed loans and advances	5,909	4,350	5,909	4,350
Impairment of individually assessed loans and advances	3,090	2,434	3,090	2,434
Balance after impairment of individually assessed loans and advances	2,819	1,916	2,819	1,916
Accrued interest concerning individually and collectively impaired loans and advances represents	427	666	427	666

Notes

	Sydbank Group		Sydbank A/S	
	1H 2013	1H 2012	1H 2013	1H 2012
DKKkm				

Note 9

Profit on holdings in associates and subsidiaries

Profit on holdings in associates etc	1	3	1	3
Profit/(Loss) on holdings in subsidiaries etc	-	-	0	(1)
Total	1	3	1	2

Note 10

Effective tax rate

Current tax rate of Sydbank	25.0	25.0	25.0	25.0
Reduction in corporation tax rate	(1.7)	-	(1.7)	-
Adjustment of prior year tax charges	0.2	-	0.2	-
Effective tax rate	23.5	25.0	23.5	25.0

	Sydbank Group		Sydbank A/S	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
DKKkm				

Note 11

Amounts owed by credit institutions and central banks

Amounts owed at notice by central banks	0	0	0	0
Amounts owed by credit institutions	7,474	7,006	7,463	6,994
Total	7,474	7,006	7,463	6,994
Of which reverse transactions	5,386	5,582	5,386	5,582

Note 12

Other assets

Positive market value of derivatives etc	11,951	15,794	11,951	15,794
Sundry debtors	690	263	690	254
Interest and commission receivable	305	434	305	434
Cash collateral provided, CSA agreements	2,204	2,874	2,204	2,874
Other assets	4	0	4	0
Total	15,154	19,365	15,154	19,356

Note 13

Amounts owed to credit institutions and central banks

Amounts owed to central banks	0	99	0	99
Amounts owed to credit institutions	29,956	38,493	30,169	38,702
Total	29,956	38,592	30,169	38,801
Of which repo transactions	13,890	22,723	13,890	22,723

Notes

	Sydbank Group		Sydbank A/S	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012

Note 14

Deposits and other debt

On demand	50,749	48,534	50,749	48,534
At notice	387	538	387	538
Time deposits	8,498	10,389	8,498	10,389
Special categories of deposits	6,262	6,201	6,262	6,201
Total	65,896	65,662	65,896	65,662
Of which repo transactions	-	178	-	178

Note 15

Other liabilities

Negative market value of derivatives etc	12,179	15,949	12,179	15,949
Sundry creditors	1,657	1,493	1,656	1,489
Negative portfolio, reverse transactions	5,160	4,772	5,160	4,772
Interest and commission etc	154	67	154	67
Cash collateral received, CSA agreements	632	754	632	754
Total	19,782	23,035	19,781	23,031

Note 16

Provisions

Provisions for pensions and similar obligations	4	4	4	4
Provisions for deferred tax	94	102	94	102
Provisions for guarantees	79	65	79	65
Other provisions*	20	20	13	14
Total	197	191	190	185

* Other provisions mainly concern provisions for onerous contracts and legal actions.

Notes

	Sydbank Group		Sydbank A/S	
	30 Jun	31 Dec	30 Jun	31 Dec
	2013	2012	2013	2012

Note 17

Subordinated capital

Interest rate	Note		Nominal (m)	Maturity				
1.83 (floating)	1)	Bond loan	EUR 100	Perpetual	742	743	742	743
6.36 (fixed)	2)	Bond loan	DKK 85	Perpetual	559	559	559	559
2.18 (floating)	3)	Bond loan	EUR 75	Perpetual	85	85	85	85
Total hybrid core capital					1,386	1,387	1,386	1,387

1) Optional redemption from 25 April 2017 after which the interest rate will be fixed at 2.10% above 3-month EURIBOR.

2) Optional redemption from 24 November 2014 after which the interest rate will remain unchanged.

3) Optional redemption from 14 May 2017 after which the interest rate will be fixed at 1.75% above 3-month CIBOR.

Note 18

Contingent liabilities and other obligating agreements

Contingent liabilities

Financial guarantees	3,057	2,996	3,057	2,996
Mortgage finance guarantees	1,864	1,697	1,864	1,697
Registration and remortgaging guarantees	1,618	2,600	1,618	2,600
Other contingent liabilities	1,481	1,413	1,481	1,413
Total	8,020	8,706	8,020	8,706

Other obligating agreements

Irrevocable credit commitments	409	350	409	350
Other liabilities *	65	71	93	105
Total	474	421	502	455

* Including intra-group liabilities in relation to rented premises - - 28 34

Totalkredit loans arranged by Sydbank are comprised by an agreed right of set-off against future current commission which Totalkredit may invoke in the event of losses on the loans arranged. Sydbank does not expect that such set-off will have any significant impact on the financial position of the Group.

The Bank's membership of Bankdata implies that the Bank will be obliged to pay a charge in case of withdrawal.

Sydbank has made a settlement with a group of minority shareholders ("Foreningen af Minoritetsaktionærer i bankTrelleborg") according to which the Bank offers to pay damages to all former minority shareholders of bankTrelleborg. The settlement finally decides the claims against Sydbank on the basis of Sydbank's takeover of bankTrelleborg in 2008. Sydbank will pay up to DKK 135m in damages and costs.

As a consequence of the settlement the two class action claims filed against Sydbank on 21 January 2011 by Foreningen af Minoritetsaktionærer i bankTrelleborg concerning inadequacies in the 2007 prospectus of bankTrelleborg will be withdrawn.

Moreover Sydbank has made a settlement with Fonden for bankTrelleborg which will pay DKK 94.5m to Sydbank. This finally settles the fund's liability to Sydbank as a result of errors in the prospectus of bankTrelleborg.

Notes

Note 18 – continued

The prospectus of bankTrelleborg was prepared with the assistance of professional advisers and prospectus liability insurance had been taken out. Sydbank has set up claims against its insurance company and professional advisers and the Bank will file legal actions against one or more of these parties.

It is Sydbank's assessment of its legal position that the Bank will recover the full amount of damages which it must pay to minority shareholders.

Moreover the Group is party to a number of legal actions. These actions are under continuous review and the necessary provisions made are based on an assessment of the risk of loss. Pending legal actions are not expected to have any significant impact on the financial position of the Group.

Note 19

Repo and reverse transactions

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and consideration received is recognised as a debt. Repo transaction securities are treated as assets provided as collateral for liabilities.

In connection with reverse transactions, which involve purchasing securities to be resold at a later date, the Group is entitled to sell or deposit them as collateral for other loans. The securities are not recognised in the balance sheet and consideration paid is recognised as a receivable.

Assets received as collateral in connection with reverse transactions may be sold to a third party. In such cases a negative portfolio may arise as a result of the accounting rules. This is recognised under "Other liabilities".

	Sydbank Group		Sydbank A/S	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
DKKm				
Assets sold as part of repo transactions				
Bonds at fair value	13,867	22,816	13,867	22,816
Assets purchased as part of reverse transactions				
Bonds at fair value	9,707	11,596	9,707	11,596

Note 20

Collateral

At 30 June 2013 the Group had deposited as collateral securities at a market value of DKK 290m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

Note 21

Related parties

Sydbank is the bank of a number of related parties. Transactions with related parties are settled on an arm's length basis.

No unusual transactions took place with related parties in 1H 2013. Reference is made to the Group's 2012 Annual Report for a detailed description of related party transactions.

Notes

DKKkm	Sydbank Group			
	1H 2013	1H 2012	Index 13/12	Full year 2012

Note 22

Reporting events occurring after the balance sheet date

After the expiry of the half year, no matters of any significant impact on the financial position of the Sydbank Group have occurred.

Note 23

Large shareholders

Silchester International Investors LLP owns more than 10% of Sydbank's share capital.

Note 24

Core income

Interest margins etc	1,307	1,411	93	2,768
Mortgage credit *	130	135	96	269
Payment services	81	86	94	170
Remortgaging and loan fees	44	61	72	113
Commission and brokerage	168	158	106	308
Commission etc investment funds and pooled pension plans	165	145	114	288
Asset management	83	76	109	163
Custody account fees	40	35	114	70
Other income	34	34	100	80
Total	2,052	2,141	96	4,229

* Mortgage credit

Totalkredit cooperation	114	113	101	224
Totalkredit, set-off of loss	11	10	110	18
Totalkredit cooperation, net	103	103	100	206
DLR Kredit	26	30	87	59
Other mortgage credit income	1	2	50	4
Total	130	135	96	269

Note 25

Financial instruments recognised at fair value

Measurement of financial instruments is based on quoted prices from an active market, on generally accepted valuation models with observable market data or on available data which only to a limited extent are observable market data.

Measurement of financial instruments for which prices are quoted in an active market or which are based on generally accepted valuation models with observable market data is not subject to significant estimates.

Notes

Note 25 – continued

As regards financial instruments where measurement is based on available data that only to a limited extent are observable market data, measurement is subject to estimates. Such financial instruments appear from the column non-observable input below and include unlisted shares and certain bonds, including CDOs, for which there is no longer an active market.

A 10% change in the calculated market value of financial assets measured on the basis of non-observable input will affect profit before tax by DKK 123m.

DKKm 30 Jun 2013	Sydbank Group				
	Quoted prices	Observable input	Non-observable input	Total fair value	Recognised value
Financial assets					
Amounts owed by credit institutions and central banks	-	5,386	-	5,386	5,386
Loans and advances at fair value	-	4,482	-	4,482	4,482
Bonds at fair value	-	32,704	2	32,706	32,706
Shares etc	174	30	1,163	1,367	1,367
Assets related to pooled plans	3,001	6,810	-	9,811	9,811
Other assets	39	12,112	-	12,151	12,151
Total	3,214	61,524	1,165	65,903	65,903

Financial liabilities

Amounts owed to credit institutions and central banks	-	13,890	-	13,890	13,890
Deposits in pooled plans	-	9,816	-	9,816	9,816
Other liabilities	48	17,292	-	17,340	17,340
Total	48	40,998	-	41,046	41,046

DKKm	1H 2013
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Assets measured on the basis of non-observable input

Carrying amount at 1 Jan	1,221
Additions	10
Disposals	84
Market value adjustment	18
Value at end of period	1,165

Recognised in profit for the period

Interest income	4
Dividend	17
Market value adjustment	18
Total	39

Management Statement

We have reviewed and approved the Interim Report – First Half 2013 of Sydbank A/S.

The consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as approved by the EU. Furthermore the interim financial statements of the parent company have been prepared in compliance with Danish disclosure requirements for interim reports of listed financial companies.

The Interim Report has not been audited or reviewed.

In our opinion the interim financial statements give a true and fair view of the Group's and the parent company's assets, shareholders' equity and liabilities and financial position at 30 June 2013 and of the results of the Group's and the parent company's operations and consolidated cash flows for the period 1 January – 30 June 2013. Moreover it is our opinion that the management's review includes a fair review of the developments in the Group's and the parent company's operations and financial position as well as a description of the most significant risks and elements of uncertainty which may affect the Group and the parent company.

Aabenraa, 21 August 2013

Group Executive Management

Karen Frøsig
CEO

Preben L. Hansen

Jan Svarre

Board of Directors

Anders Thoustrup
Chairman

Hanni Toosbuy Kasprzak
Vice-Chairman

Svend Erik Busk

Peder Damgaard

Harry Max Friedrichsen

Erik Bank Lauridsen

Torben Nielsen

Steen Tophøj

Jan Uldahl-Jensen

Margrethe Weber

Supplementary Information

Financial calendar

In 2013 the Group's preliminary announcement of financial statements will be released as follows:

- Interim Report – Q1-Q3 2013
29 October 2013

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Relevant links

sydbank.dk
sydbank.com

For further information reference is made to Sydbank's 2012 Annual Report at sydbank.com.